



COUNCILMEMBER DONNA FRYE

**City of San Diego
Sixth District**

MEMORANDUM

DATE: October 13, 2009

TO: Honorable City Councilmembers
Honorable Mayor Jerry Sanders

FROM: Councilmember Donna Frye

**SUBJECT: Response to the SEC Regarding the Second Annual Report of the
Independent Consultant**

Please find the attached letter to the SEC regarding my recommendations and observations on the Second Annual Report of the Independent Consultant to the City. As you know, I was not present at the City Council hearing when the Council approved the response. As such, I wanted to make my thoughts on this report clear to the SEC.

CC : Jan Goldsmith, City Attorney
Andrea Tevlin, Independent Budget Analyst
Members of the Audit Committee
Eduardo Luna, City Auditor
Stanley Keller, Independent Consultant

DF/ks



THE CITY OF SAN DIEGO
COUNCILMEMBER DONNA FRYE
SIXTH DISTRICT

October 13, 2009

Mr. Kelly C. Bowers
Senior Assistant Regional Director
Securities and Exchange Commission
Los Angeles Regional Office – 11th Floor
5670 Wilshire Boulevard
Los Angeles, California 90036-3648

RE: Second Annual Report of the Independent Consultant to the City of San Diego, April 24, 2009

Dear Mr. Bowers,

I was not present at the City Council meeting when the City responses to the Second Annual Report of the Independent Consultant were discussed. I have reviewed the recommendations contained in the Report and the joint responses from Mayor Sanders and Council President Hueso and offer these observations:

ICOFR Initiative

Recommendation 5:

Given the current status and the priority being devoted to the OneSD project, it is important that the City establish a realistic schedule for completing the ICOFR effort and for testing and assessing the ICOFR remediation, as contemplated by the Kroll Report. The testing and assessment process should be divided into three phases first, in anticipation of the fiscal 2010 audit; the outside auditor should evaluate the ICOFR design (this will both motivate and assist completion of the work); second, as part of the fiscal 2010 audit, the outside auditor should assess through an integrated audit and report on the effectiveness of the operation of the ICOFR process; and third, in connection with the fiscal 2011 audit, the City should have an external



assessment of the effectiveness of its ICOFR (comparable to an independent auditor attestation required for SEC reporting companies under Section 404(b) of the Sarbanes-Oxley Act). This external assessment could be made by the City's regular outside auditor or by another qualified party. To the extent there are deficiencies or weaknesses identified in any of these testing activities, a third party consultant could be retained to assist with the remediation. Although later than contemplated, this procedure is consistent with the Kroll recommendation on independent auditor assessment of the City's internal controls.

Response to Recommendation # 5 - I agree with the recommendation, but not with the City's response, particularly the following which is in bold and underlined.

*“Management agrees that an external assessment audit of the effectiveness of the ICOFR process as part of the FY2011 audit would be appropriate. **However, since the City is not subject to the Sarbanes-Oxley Act, management proposes an assessment audit over internal controls customized for municipal government operations. We believe this is a better approach for assessing the effectiveness of our ICOFR process.**”*

The City should follow the Sarbanes-Oxley Act.

Recommendation 6:

Executive oversight should be applied to monitor the achievement of ICOFR documentation objectives against the established timeline. The prioritization of this effort over the next 60 days should be communicated and maintained through executive mandate.

Response to Recommendation #6 - While I agree with the recommendation and response, it is difficult to ensure the timelines are being met, as the City Council must rely on the information provided by management, which is not always accurate and complete. For example, on September 2, 2009, at a meeting of the City Council Rules Committee, management provided an informational report and power point presentation on the OneSD project (see attachments #1 and 2) which was incomplete, painted a much rosier picture than was factual and did not disclose the problems with accounts payable. Information on those problems was obtained by Council President Hueso and provided to committee members at the hearing (see attachment #3). Asked why this information was not included in the report, staff had a flimsy response. This behavior does not instill confidence that City Council receives complete information, or that management fully discloses the information they have. The video of that meeting is available at:

http://granicus.sandiego.gov/ViewPublisher.php?view_id=11

Recommendation 7:

Plans should be developed to obtain additional resources should the ICOFR timelines be challenged by resource constraints with City personnel charged with responsibilities in connection with the OneSD initiative and whose efforts are necessary on the ICOFR effort.



Response to Recommendation #7- I agree with the recommendation, but I have no independent verification that management is developing “several options” or “will bring in external resources.” This is particularly true considering the most recent financial assessment (budget deficit of at least \$170 million, not including payment needed to adequately fund the retiree health costs) in the City’s 5-year Financial Outlook provided by the Mayor on October 1, 2009.

Recommendation 8:

The City Council should approve the lease financing amounts required for the OneSD project so that it can be successfully implemented.

Response to Recommendation #8- I did not support the “lease” financing structure for the OneSD project. There is no assurance that more money will ensure successful implementation since this project has seen numerous managers and cost overruns. I also question why the Independent Monitor would recommend approving a specific type of financing, rather than recommending that the City move forward in a timely manner with OneSD by ensuring adequate resources.

Financial Reporting Enhancements

Review of CAFRS

The Audit Committee should review within 60 days of the date of this Report and improve as necessary the procedures for review of the City's CAFR, including:

Recommendation 9:

The City should establish a schedule for completion of the CAFR process before the continuing disclosure deadline and sooner if possible.

Response to Recommendation # 9- I agree; however, I cannot ensure that management will always meet their proposed schedule, or that the CAFR will be issued before the continuing disclosure deadlines. The City Council does not participate directly in the continuing disclosure process. However, if any information becomes available to me that is material, I will bring that information to the attention of the appropriate people.

Recommendation 10:

The CAFR process should reflect the requirement for legending the CAFR and refraining from posting it on the City's investor information webpage upon its release but before completion of the review process.



Response to Recommendation #10- I agree with the recommendation. Under the current form of government, however, the City Council cannot direct the Mayor's staff. The Council can pass a resolution or ordinance requiring such compliance, but it is the responsibility of management to direct staff to follow the legislation passed by the Council. Should information become available to me that is material, however, I will bring it to the attention of the appropriate people.

Recommendation 11:

The Audit Committee and DPWG should consider a process that allows designated members of the Audit Committee, on an ad hoc basis, to have input on the CAFR before it is publicly released.

Response to Recommendation #11- I agree with the recommendation and also believe that a member of the City Council or their designated staff person should be allowed to attend meetings of the DPWG as an observer, not as a participant. In the past, a member of my staff attended a meeting of the DPWG, was told that unless he left, the DPWG meeting would be concluded immediately. This led me to push for changes, some of which are finally being discussed.

Improved Discussion and Analysis

Recommendation 12:

The City, on an ongoing basis, should continue to improve the quality of its financial disclosure by providing analysis that facilitates an understanding of the City's financial statements and its financial condition, financial results, liquidity and capital needs, including the risks faced by the City.

Response to Recommendation # 12 - I agree with this recommendation, but would reiterate that the City Council must rely to a large extent on the information provided by management, ask questions and offer our own recommendations regarding the quality of the City's financial disclosures. If I disagree with the information in the financial disclosures, I will provide the information to the proper authorities.

Recommendation 13:

In connection with forward-looking statements, such as forecasts, projections and statements of future intent, the City should evaluate the adequacy of its inclusion of appropriate cautionary statements that would put those forward-looking statements in proper context.

Response to Recommendation # 13 - I agree, but cannot require that adequate and suitable cautionary language will be used in the CAFR. If I believe the language is not sufficient and my comments are not included in the CAFR, I will bring my concerns to the appropriate authorities.



Loss Contingencies and Risk Assessments

Recommendation 14:

The City, through the City Attorney's Office and the Risk Management Department, should continue to improve its systems for dealing with loss contingencies for financial reporting purposes in order to remedy any deficiencies noted by the City's independent auditors to the extent not already remedied.

Response to Recommendation #14 - I agree, but cannot ensure that this will be followed, since it is primarily a function of management and the city attorney. If any material information becomes available, I will bring that information to the attention of the appropriate people.

Disclosure Practices Working Group (DPWG)

Shelf-like Disclosure

Recommendation 15:

The DPWG should continue to evaluate its processes and procedures to ensure that it has the correct composition to fulfill its role and to streamline its operations so that it operates efficiently and effectively without sacrificing the thoroughness of its review of the City's disclosures.

Response to Recommendation #15 - No one on the City Council is a member of the DPWG. The City Council may pass resolutions and ordinances that help accomplish this, but cannot verify this, except through what we are told by members of the DPWG. See also my response to Recommendation #11.

Recommendation 16:

Related to this, the DPWG, working with the Audit Committee and the City Attorney's Office, should rationalize the process for review of related entity and component unit disclosures and financial reports so that the right resources are brought to bear in an efficient and effective way.

Response to Recommendation #16 - I agree with this recommendation and refer you to my previous responses, particularly #15. If material information becomes available, I will bring it to the attention of the appropriate people.

Recommendation 17:

The DPWG should consider ways to enhance the confidence of Audit Committee members and Council Members in the DPWG process in compliance with the Brown Act and without diminishing the effectiveness of the DPWG.

Response to Recommendation #17 - I agree and also refer you to my response to #16, #15 and #11.

Recommendation 19:

The City, with the assistance of the DPWG, should continue to evaluate steps toward a shelf like disclosure system, including expanded use of the City's website, to improve the quality and timeliness of its reporting to the financial markets on an ongoing basis and to permit the efficient access to the capital markets for needed financing.

Response to Recommendation # 19 - I agree with the recommendation. I cannot, however, ensure that management will always meet their proposed schedule. The City Council does not participate directly in the continuing disclosure process and does not vote on what the City puts up on the website. Should material information become available to me, however, I will bring it to the attention of the appropriate people.

Recommendation 20:

The DPWG should assess the effectiveness of its review of the form and content of "press releases, ... web-site postings, and other communications reasonably likely to reach investors or the securities markets" as set forth in Section 22.4107(a) (1) of the Municipal Code, recommend changes, if any, to reflect actual practices within the City and develop proposed guidelines for City officials regarding press releases.

Response to Recommendation # 20 - No one on the City Council is a member of the DPWG. The City Council may pass resolutions and ordinances that help accomplish this, but cannot verify, except through what we are told by members of the DPWG. If material information becomes available to me, I will bring that information to the attention of the appropriate people.

San Diego City Employees' Retirement System (SDCERS)

Recommendation 22:

SDCERS, in conjunction with the City management and DPWG, should evaluate the communication process and information flow between SDCERS and the City and adopt necessary modifications, if any, to this process to ensure the complete and timely flow of pension and benefit-related information to the City necessary for fiscal planning and the preparation of the City's financial statements.

Response to Recommendation #22 - There are other factors which influence the flow of information, such as litigation between SDCERS and the City. In fact, SDCERS has appealed a ruling in favor of the City regarding the cost of purchase of service credits.

Fiscal Integrity

Recommendation 27:

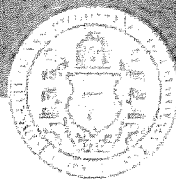
The City should assess the value of its current Five- Year Financial Outlook as a planning tool, and consider use of additional planning tools, for ensuring that the City is able to meet its goals for providing services to the citizens of San Diego at a cost they are willing to bear.

Response to Recommendation #27- The City's most recent Five-Year Financial Outlook was issued October 1, 2009, the same day that the final comments to the SEC were due. I have attached a copy of the Outlook. As a planning tool, the Outlook fails in large part because it does not offer any solutions to the financial problems. The City Council is working with the Mayor to provide a comprehensive financial solution.

Sincerely,



Councilmember Donna Frye



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: July 24, 2009 REPORT NO:

ATTENTION: Rules Committee

SUBJECT: Report from the Financial Management Department Regarding OneSD
(ERP) Project Update

REFERENCE:

REQUESTED ACTION:

This Report is informational only.

STAFF RECOMMENDATION:

None.

SUMMARY:

This report provides the Council Committees with a status update of the OneSD Project, including the project budget, schedule and contract scope. This monthly report will supplement the biweekly OneSD milestone accomplishments memo to Council.

Budget Update:

The OneSD project expenditure projections remain within the current allocation amount. The table below reflects the OneSD project funding allocation by source, including expenditures through Period 12.

OneSD Funding Allocation by Source	Allocated Amount	Expended Through Period 12
Capital - IBM Global Finance (lease-purchase)	\$37,000,000	\$27,110,325
Capital - FY09 A-List Transfer	\$1,000,000	
Operational	\$6,820,172	\$3,848,418
SDDPC	\$6,172,000	\$4,127,869
Total	\$50,992,172	\$35,086,612

Capital: used for integration vendor contracts, hardware, software, other consulting, most City and SDDPC labor.

Operational: used for data cleansing and conversion, end-user training, debt service, SDDPC network, data center, and some City and SDDPC labor.

Schedule Update:

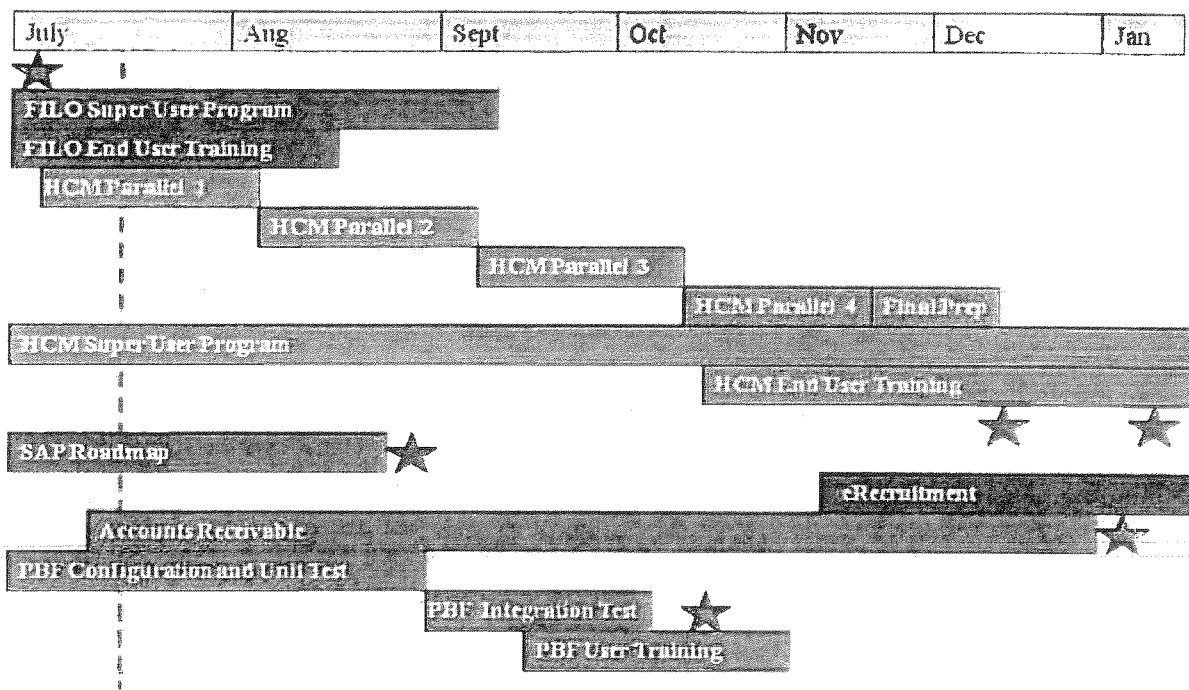
The OneSD project successfully completed the implementation of Finance and Logistics (FILO) on 7/1/2009. We have been successfully processing the City's requisitions, invoices and checks and the OneSD on-site support is resolving issues as they arise. No significant problems have been reported.

The Human Capital Management (HCM) implementation date has been moved from 10/1/2009 to 1/1/2010. The modification is as a result of the broad changes to our current payroll system due to the labor negotiations which were critical to achieving a balanced budget this year. These changes were unplanned and require additional configuration and testing in the SAP system. The additional test cycles are needed to reduce risk and ensure the payroll in SAP will be accurate. The date for the revised implementation is set at the beginning of the next quarter, January 1, 2010. This date, rather than implementation between October 1 and December 31, is necessary to avoid a costly rework of conversion and reconciliation programming. The city will receive a change order for \$950,000 from SAP for the revised go-live date and through cost cutting in other areas, the project will absorb the additional cost within the project budget allocation.

The Accounts Receivable (A/R) implementation is scheduled for 12/31/2009. A review of the contract and requirements was held and work is beginning per the schedule. The OneSD project expects to process a no cost change order to the SOW, modifying the scope of A/R from a one department pilot, to the replacement of the City's general use accounts receivable system, ARIS. The project management team had been awaiting information from an analysis begun in June which, in part, helped define the appropriate A/R tools and configuration to be used for the A/R implementation, and therefore included in the revised SOW.

The Public Budget Formulation (PBF) implementation is scheduled to go-live on 10/31/2009. The system configuration has begun and the test environment is being prepared for the City to conduct the system and data test cycles in September.

The eRecruitment function is scheduled for deployment in 2010.



Scope Update:

The following charts list the deliverables identified in the SAP SOW, the associated payment amounts, and an indication of the deliverable status.

Phase I - Finance/Logistics				
Date	Accepted	#	Milestone Deliverable Description	Amount
Jan-09	Y	I.1.1.2	Project Preparation Deliverables Analysis Memorandum	\$500,000
Feb-09	Y	I.1.3	Revised Project Plan	\$750,000
	Y	I.2.3.3	Blueprint Validation Analysis Memorandum	\$800,000
	Y	I.2.3.5	Validated Business Blueprint	\$500,000
Mar-09	Y	I.3.5	Completed Unit Test	\$750,000
	Y	I.3.8	Completed Integration Test Strategy and Plan	\$500,000
May-09	Y	I.3.8.4	Completed Integration Test	\$1,100,000
Jun-09	Y	I.4.2	Production Cutover Plan - Draft	\$400,000
Jul-09		I.5.5	Production-Ready System Acceptance Sign-off	\$500,000
Sep-09		I.6.1	Completed AR Blueprint	\$250,000
Nov-09		I.6.3	Completed AR Integration Test	\$150,000
Dec-09		I.6.6	Production-Ready AR System Acceptance Sign-off	\$100,000
				\$6,300,000

Phase II - Personnel/Payroll				
Date	Accepted	#	Milestone Deliverable Description	Amount
Feb-09	Y	II.2.3.3	Blueprint Validation Analysis Memorandum	\$800,000
	Y	II.2.3.4	Validated Business Blueprint	\$500,000
Mar-09		II.3.6.2	Improvements to Baseline and Final Configuration Analysis Memorandum	\$750,000
	Y	II.3.7.2	Completed Configuration of HCM	\$800,000
Apr-09	N	II.3.5	Completed Unit Test	\$750,000
May-09	N	II.3.9	Completed Parallel Test Plan	\$550,000
Jul-09		II.3.8.4	Completed Integration Test	\$1,250,000
Aug-09		II.3.9	Completed Parallel Test	\$1,250,000
Sep-09		II.4.2	Production Cutover Plan - Draft	\$500,000
Oct-09		II.5.5	Production-Ready System Acceptance Sign-off	\$750,000
				\$7,900,000

Total paid to SAP on Phase I Finance/Logistics through the end of FY 2009: \$5,300,000
Total paid to SAP on Phase II Personnel/Payroll through the end of FY 2009: \$2,850,000

SAP Support Capability Assessment

At the end of July, the OneSD project team will transition support of Finance and Logistics to the OneSD Support department. The OneSD project team will continue their focus on implementation activities for HCM, A/R, PBF, and eRecruitment. The role of the OneSD Support department is to provide the ongoing functional and technical support of the City's ERP.

SAP performed a Support Capability Assessment in May. Objectives of the assessment included determining roles, skills, and a staffing plan for the City's OneSD Support department, and evaluated both functional and technical areas. Functional areas include the analysis and configuration of the data, software, and security; tasks typically performed internally by City staff that understand how the City's business works within the SAP system. Technical areas include programming and database support, as well as server and other hardware support. The technical areas are typically performed by SDDPC in the existing City model.

The study concluded:

- Depth of skill required for autonomous support is not yet developed.
- Some external resources, both functional and technical, are needed to fill knowledge and experience gaps.
- Comparison of City's model against sizing benchmarks of similar organizations show a slight imbalance between technical and functional staffing.
- City's model has 19 functional staff and approximately 20 technical staff (SDDPC is providing these staff) - total of 39 staff.
- Benchmark model is 40-45 staff, which includes training staff. The citywide training function already exists in the organization, in the Human Resources Department.

Based on a review of team member knowledge and capabilities, modifications have been made to the staffing in the project and ongoing support areas. In order to close resourcing gaps, the City will issue an RFP for support services and initiate contracts with a few select vendors to assist with future system modifications.

Next Steps:

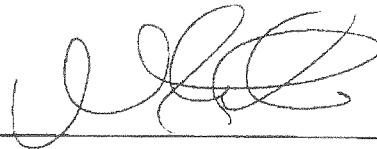
Beyond the immediate focus on HCM, A/R, and PBF, additional components of OneSD are currently or will soon be underway:


- ERecruitment: These requirements have been completed and two solution design options are being analyzed for best fit. We expect the design choice to be made and implementation work to begin in the October/November 2009 timeframe, with a completion date by the 3rd quarter of 2010.
- SAP Roadmap: This three month project started in June 2009 and will deliver a business and technical strategy with a view of existing and proposed SAP

functionality for many City operations including General Services Asset Management and Water Department billing. The City will use the contents of the Roadmap, including the SAP best practices, to compose competitive bid scenarios for a variety of integration vendors for future work such as 311 call center and customer billing.

Respectfully submitted,



Mary Lewis, Chief Financial Officer
OneSD Project Sponsor

Nader Tirandazi, Financial Management
Director

Debra Bond, OneSD Project Director



City of San Diego

Attachment #2

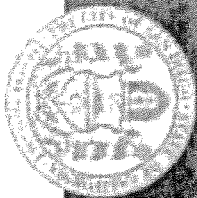
OneSD Project Status Update

September 2, 2009

Mary Lewis, Chief Financial Officer

Nader Tirandazi, Financial Management Director

Debra Bond, OneSD Project Director



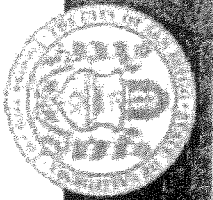
city of San Diego

OneSD Budget Update

OneSD Funding Allocation by Source	Allocated Amount	Expended Through FY09
Capital - IBM Global Finance (lease-purchase)	\$37,000,000	
Capital - FY09 A-List Transfer	\$1,000,000	\$29,146,316
Operational	\$6,820,172	\$4,206,617
SDDPC	\$6,172,000	\$4,127,869
Total	\$50,992,172	\$37,480,802

Capital: used for integration vendor contracts, hardware, software, other consulting, most City and SDDPC labor

Operational: used for data cleansing and conversion, end user training, debt service, SDDPC network, data center, and some City and SDDPC labor



City of San Diego

OneSD Schedule Update

July	Aug	Sept	Oct	Nov	Dec	Jan
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HCM Parallel 1

HCM Parallel 2

HCM Parallel 3

HCM Parallel 4

Final Prep

HCM Super User Program

HCM End User Training

SAP Roadmap

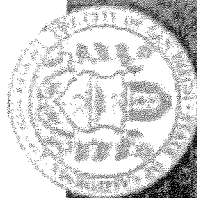
PBF Configuration and Unit Test

Accounts Receivable

PBF Integration Test

PBF User Training

eRecruitment



City of San Diego

OneSD Deliverable Update

Phase I - Finance/Logistics				
Date	Accepted	#	Milestone Deliverable Description	Amount
Jan-09	Y	1.1.1.2	Project Preparation Deliverables Analysis Memorandum	\$500,000
Feb-09	Y	1.1.3	Revised Project Plan	\$750,000
	Y	1.2.3.3	Blueprint Validation Analysis Memorandum	\$800,000
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Jul-09	Y	1.5.5	Production-Ready System Acceptance Sign-off	\$500,000
Sep-09		1.6.1	Completed AR Blueprint	\$250,000
Nov-09		1.6.3	Completed AR Integration Test	\$150,000
Dec-09		1.6.6	Production-Ready AR System Acceptance Sign-off	\$100,000
				\$6,300,000

Total paid on Phase I Finance/Logistics through FY09: \$5,800,000



City of San Diego

OneSD Deliverable Update

Phase II - Personnel/Payroll				
Date	Accepted	#	Milestone Deliverable Description	Amount
Feb-09	Y	II.2.3.3	Blueprint Validation Analysis Memorandum	\$800,000
	Y	II.2.3.4	Validated Business Blueprint	\$500,000
Mar-09		II.3.6.2	Improvements to Baseline and Final Configuration Analysis Memorandum	\$750,000
	Y			
		II.3.7.2	Completed Configuration of HCM	\$800,000
Apr-09	Y	II.3.5	Completed Unit Test	\$750,000
May-09	Y	II.3.9	Completed Parallel Test Plan	\$550,000
Jul-09		II.3.8.4	Completed Integration Test	\$1,250,000
Aug-09				
		II.3.7.3	SAP Configuration & Unit Test (CAPPS)	\$150,000
Sep-09		II.3.9.1	Completed Parallel Test 1, 2 and 3 (Revised)	\$1,250,000
Oct-09				
		II.3.9.2	Parallel Test 4 Completed	\$800,000
Nov-09		II.4.2	Production Cutover Plan - Draft	\$500,000
Jan-09		II.5.5	Production-Ready System Acceptance Sign-off	\$750,000
				\$8,850,000

Total paid on Phase II Personnel/Payroll through FY09: \$4,150,000



City of San Diego

HCM Implementation Date Adjustment

- **Labor Negotiation Changes for 7/1/2009**
 - Fundamental changes to salary and benefit calculations
 - Large level of effort to program labor negotiated changes for FY10
- **OneSD Schedule Impact**
 - New payroll data not available to test against until August 2009
 - Go-live date for time entry was 9/5/2009
 - Less than 4 weeks to run parallel test, conversion test, and production cutover – very high risk
 - New go-live date is 1/01/2010, beginning of a payroll quarter for payroll tax calculation and data conversion purposes
- **OneSD Cost Impact**
 - \$950k for 3 month extension, additional unit and parallel testing for salary and benefit changes effective 7/1/2009
 - Cost absorbed within existing budget by reducing consultants for training



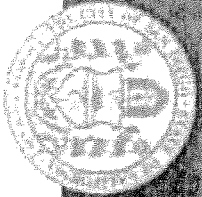
City of San Diego

SAP Support Capability Assessment

- SAP Performed a Support Capability Assessment in May 2009
- Objectives included determining roles, skills and staffing plan for the city's OneSD support department

- **Conclusions:**

- Depth of skill required for autonomous support is not yet developed
- Some external resources, both functional and technical, are needed to fill knowledge and experience gaps
- Comparison of City's model against sizing benchmarks of similar organizations show SDDPC staffing is high and City staffing is low
- Considering adjusting existing staffing ratios within current funding level to decrease technical and increase City staff as well as supplementing with contractors via an RFP process



City of San Diego

Milestones Next Month

Finance/Logistics

- Transition to OneSD Support department
- Initiate contracts with external vendors to fill functional and technical gaps

Personnel/Payroll

- Complete parallel test 2 of 4
- Perform 1st of 2 data conversion tests
- Begin configuration changes to accommodate salary and benefits adjustments for 7/1/2009

Accounts Receivable

- Finalize SOW and begin Blueprint reviews/configuration

Public Budget Formulation (PBF)

- Finish system configuration
- Conduct integration testing



City of San Diego

Next Steps

- **eRecruitment**
- Select best-fit design option November 2009
- Implementation in calendar year 2010

ONESD

Critical Delayed Payments Strategy

08/20/09

PMO

City of San Diego



Attachment #3

RULES 9/2/09 #2



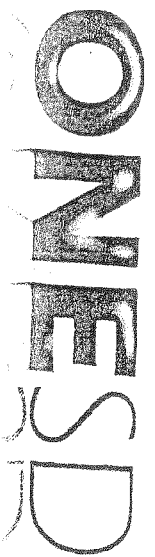
Agenda

- 1. Current Status of Vendor Payments***
- 2. Purchase to Pay Corrective Action Plan***
 - Process Monitoring & Responsibilities***
 - Critical Delayed Payments Support Plan***
 - Training / Re-training***
 - Policy Review***



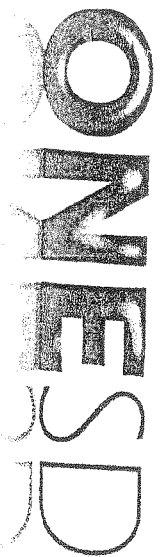
Current Status of Vendor Payments

- Large number of Vendor Complaints
- Bottlenecks in Purchase to Pay process
- Users do not appear to be adequately trained or motivated to execute work in SAP
- Very little proactive process management in departments
- Cumbersome approval processes
- Very small amount of requests for support through established OneSD support process
- Business Process Coordinators perspective



Purchase to Pay Corrective Action Plan

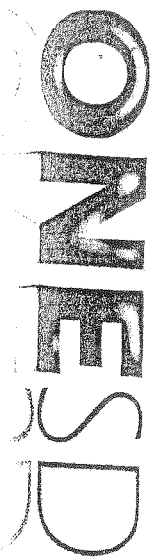
1. BPC's to Confirm Monitoring Reports with OneSD team
(Week of 8/24)
 - PR Creation
 - PR Approval
 - PO Creation
 - Contract Creation
 - Goods Receipt
 - Invoice Processing
 - Invoices Blocked for Payment
2. Management Meeting to Communicate Correction Action Plan (Week of 8/31)
 - Purchase to Pay BPO's, BPC's and Super Users, PAC and OneSD Support Group
 - Confirm Responsibilities of each group and Accountability
 - Confirm Monitoring Reports and Methods
 - Roll out the Critical Delayed Payments Support Request Process
3. BPC's to organize and conduct Process Monitoring Report Training Sessions with Departments (Week of 8/31)



Purchase to Pay Corrective Action Plan

4. Critical Delayed Payment Support Process to be Invoked (Immediately with first submission on 8/28/09)

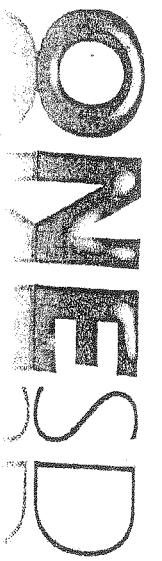
- Distribute CDP Support Request Forms to Departments
- PAC members to be Accountable for the CDP process
- Weekly communication from PAC/departments to OneSD/BPC's
- OneSD and BPC's review requests and work with departments to resolve issues
- BPC's to organize Super Users into SWAT-type interventions teams where needed based on support requests
- Status to Governance, Steering and Project Advisory Committees on a weekly basis
- Training efforts targeted based on review of issues by department
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Purchase to Pay Corrective Action Plan

5. Targeted Training Effort

- Identify problem areas based on status monitoring and utilize OneSD staff, Super users, and BPC's to conduct additional training
 - Targeted training to departments with specific issues
 - General retaining for areas of common weakness
- Identify performance problems and hold PAC accountable for corrective action



Purchase to Pay Corrective Action Plan

6. Review Policies that are Creating Bottlenecks without Adding critical Business Value

- Purchase Requisition Approval of MRP generated inventory items
- Purchase Requisition Approval by Comptroller's Office for Certification Purposes
- Purchase Requisition Approval by Project Managers for CIP purchasing (addition)
- PO Invoice Approval by Comptroller's Office
- 3-Way Match Tolerance Settings

ONESD

Questions

